



# Dollars and Doughnuts — School Aid

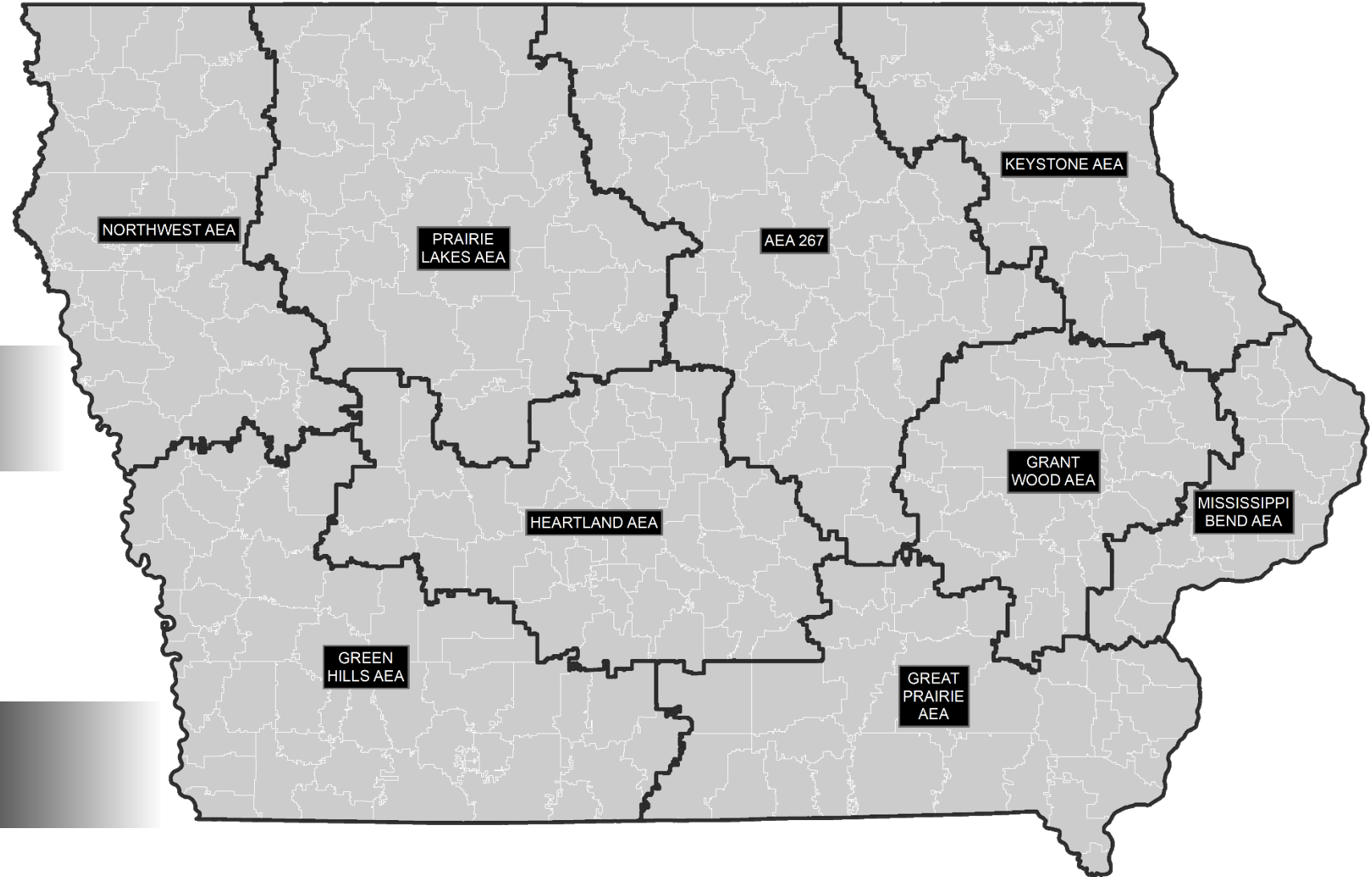
Legislative Services Agency | January 2019

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FY 2019  
Budget Enrollment:  
486,264

330 school districts

Serviced by 9 Area  
Education Agencies  
(AEA)



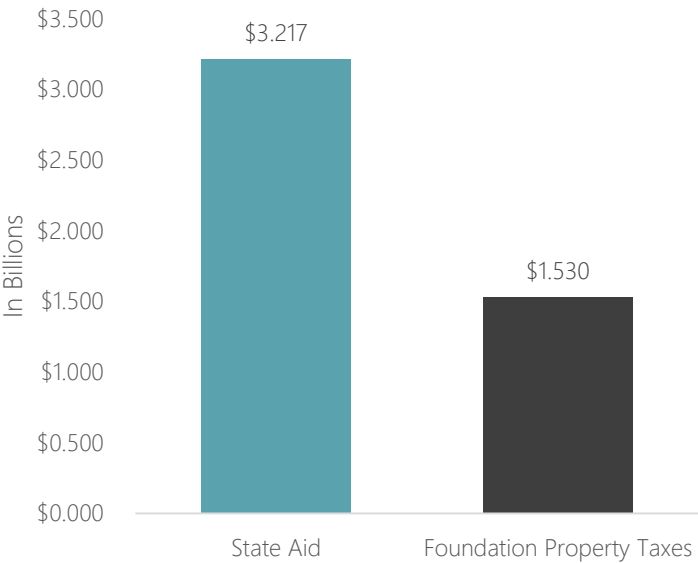


Funded by a combination of

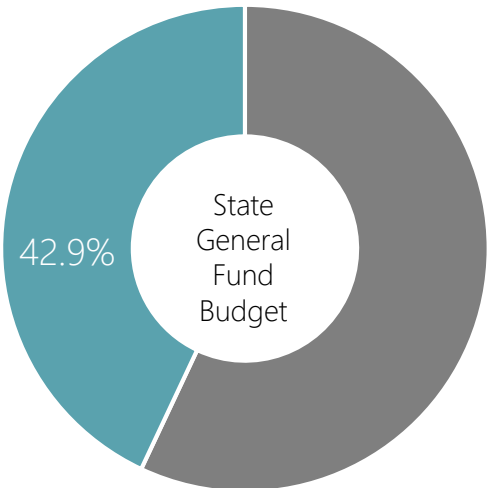
- State Foundation Aid
- Property Taxes
- Income Surtax
- SAVE (penny sales tax)



\$3.217 billion in State Foundation Aid



State Foundation Aid is a significant portion of State appropriations



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# School Foundation Aid and Levy (School Aid)

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- Calculating and Financing School Districts' General Fund Through School Aid
- Current Legislative Issues
- LSA Fiscal's Role in School Aid

## CHAPTER 257

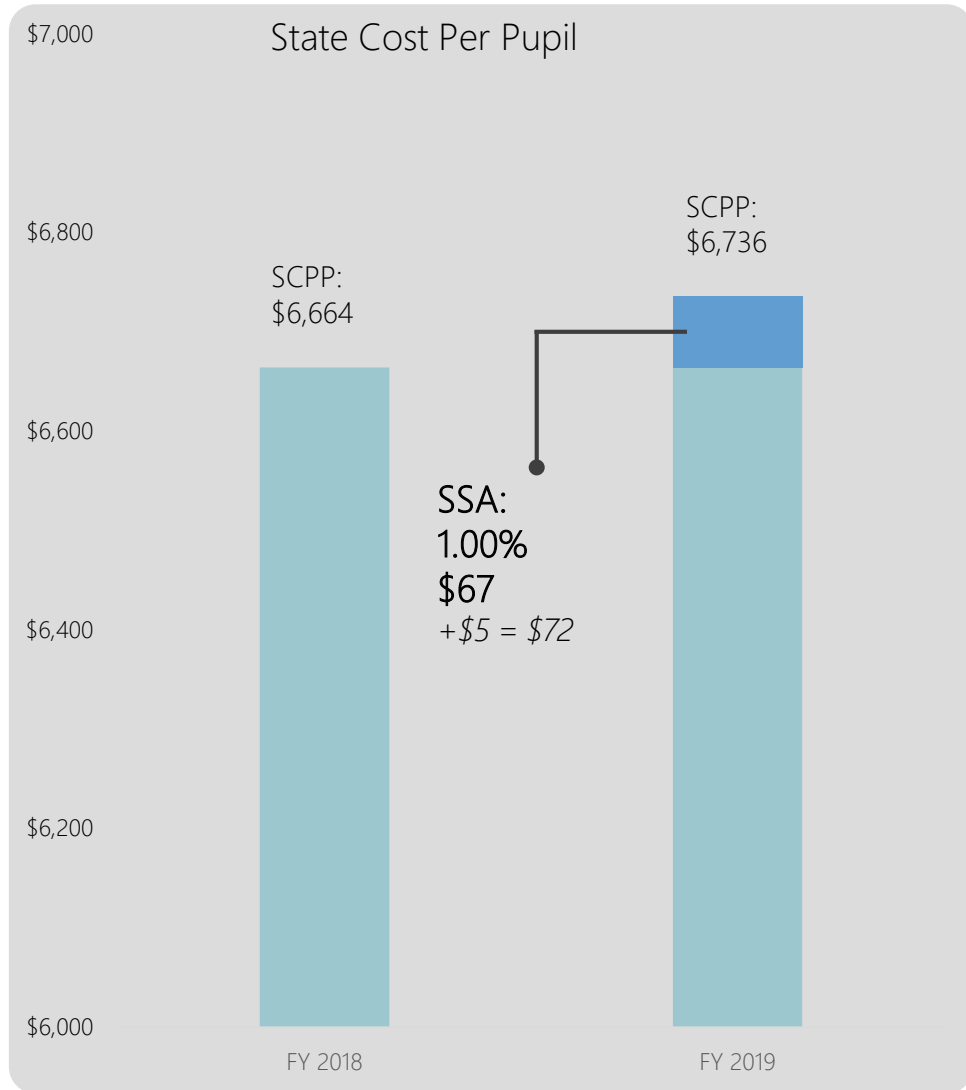
### FINANCING SCHOOL PROGRAMS

in §256B.2, 256B.9, 256C.4, 256C.5, 256F.4, 260C.18B, 273.3, 273.9, 273.23, 274.3, 282.3, 284.11, 284.13, 284.15, 298.1, 301.1, 331.512, 463B.2, 465A.4

State school foundation program — state aid.	257.27	Continuation of instructional support program.
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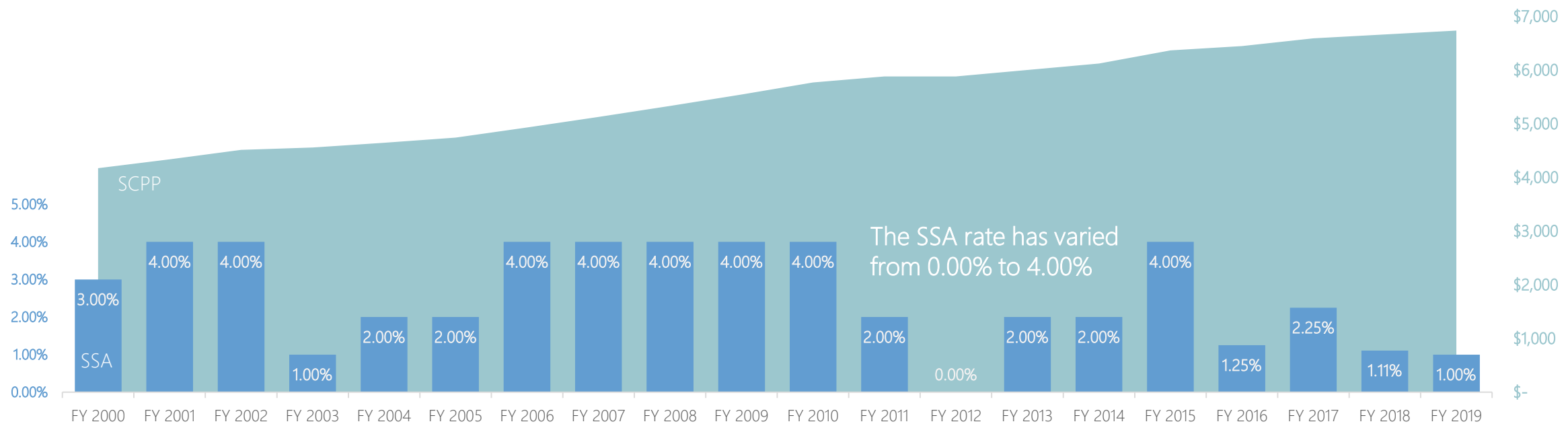
- Equalize educational opportunity.
- Provide good education for all Iowa children.
- Provide property tax relief.
- Decrease percentage of school costs paid from property taxes.
- Provide reasonable control of school costs.

Iowa Code ch. 257 also defines how the goals are to be accomplished.



- The spending limit for each school district based on the State Cost per Pupil (SCPP).
- The Governor recommends and the Iowa Legislature may establish a new SCPP for the next fiscal year.
- The rate of growth is called the State Supplemental Aid (SSA).
- For FY 2019, the General Assembly raised the SCPP by an *additional \$5 per student separate from the SSA*.

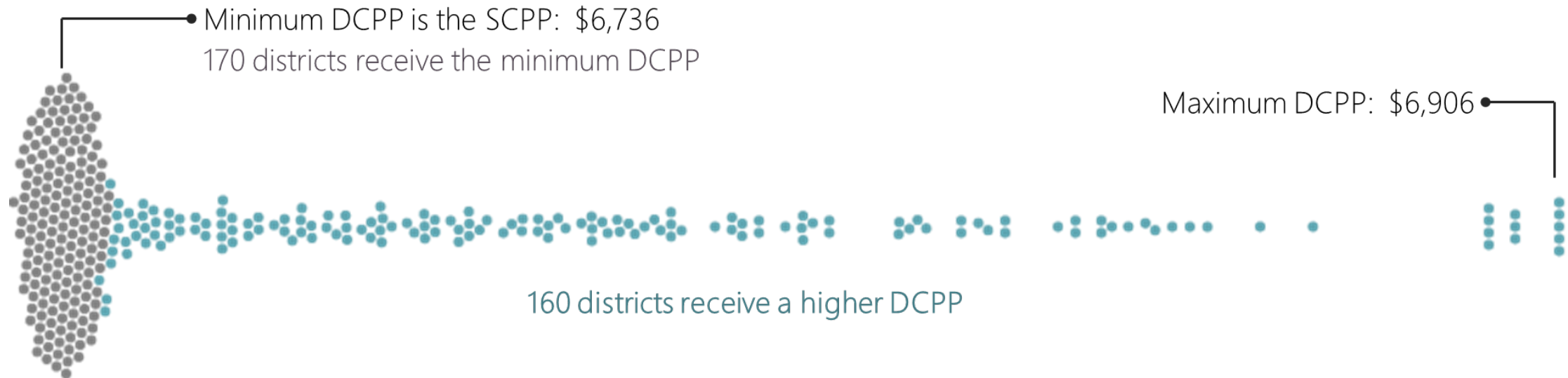
From FY 2000 to FY 2019, the SCPP increased from \$4,171 to \$6,736.





# The formula calculates the SCPP because...

- A school district's funding is primarily calculated by enrollment...
- ...and the District's Cost Per Pupil (DCPP).
  - *increases each year by the SSA rate.*

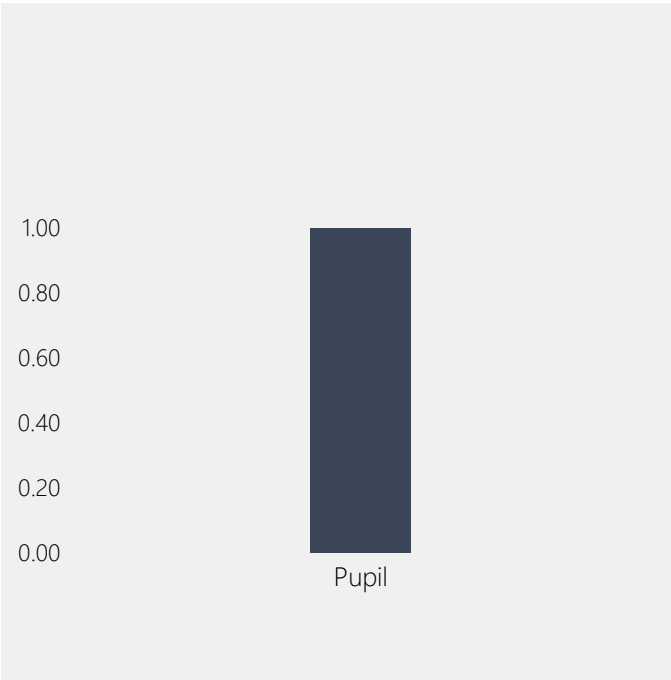


\$6,736

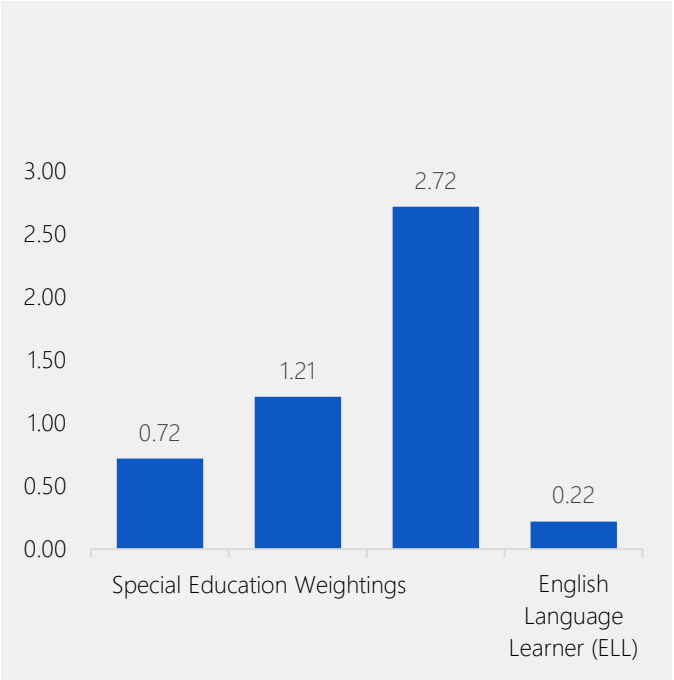
\$6,800

\$6,900

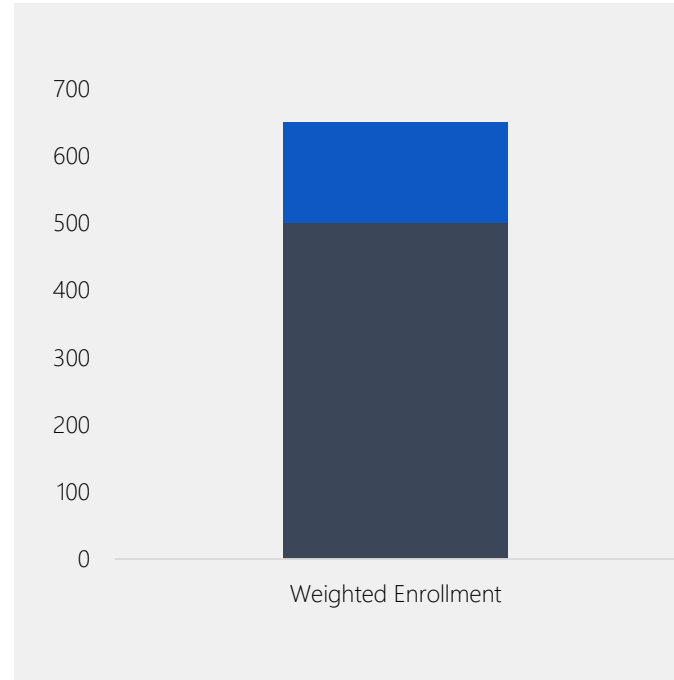
# Additional factors may add to a district's pupil count (weighted enrollment)



Each certified enrolled pupil is worth 1.00.

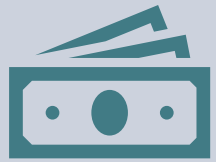


Besides Special Ed. and ELL, there are additional weightings for operational function sharing, concurrent enrollment, whole grade/teacher sharing, and at-risk enrollment.



A district's base enrollment plus additional pupil weightings equals a district's weighted enrollment.

Basic school district funding is the following calculation:



DCPP

X



Weighted  
Enrollment

= Regular Program District Cost

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## There is additional State Aid funding for:

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- AEAAs
  - Cannot levy on their own behalf.
- Four-year-old voluntary preschool
  - Not counted in certified enrollment.
  - Each pupil is worth .5 of the SCPP.
- Categoricals
  - Teacher Salary Supplement
  - Professional Development
  - Early Intervention
  - Teacher Leadership

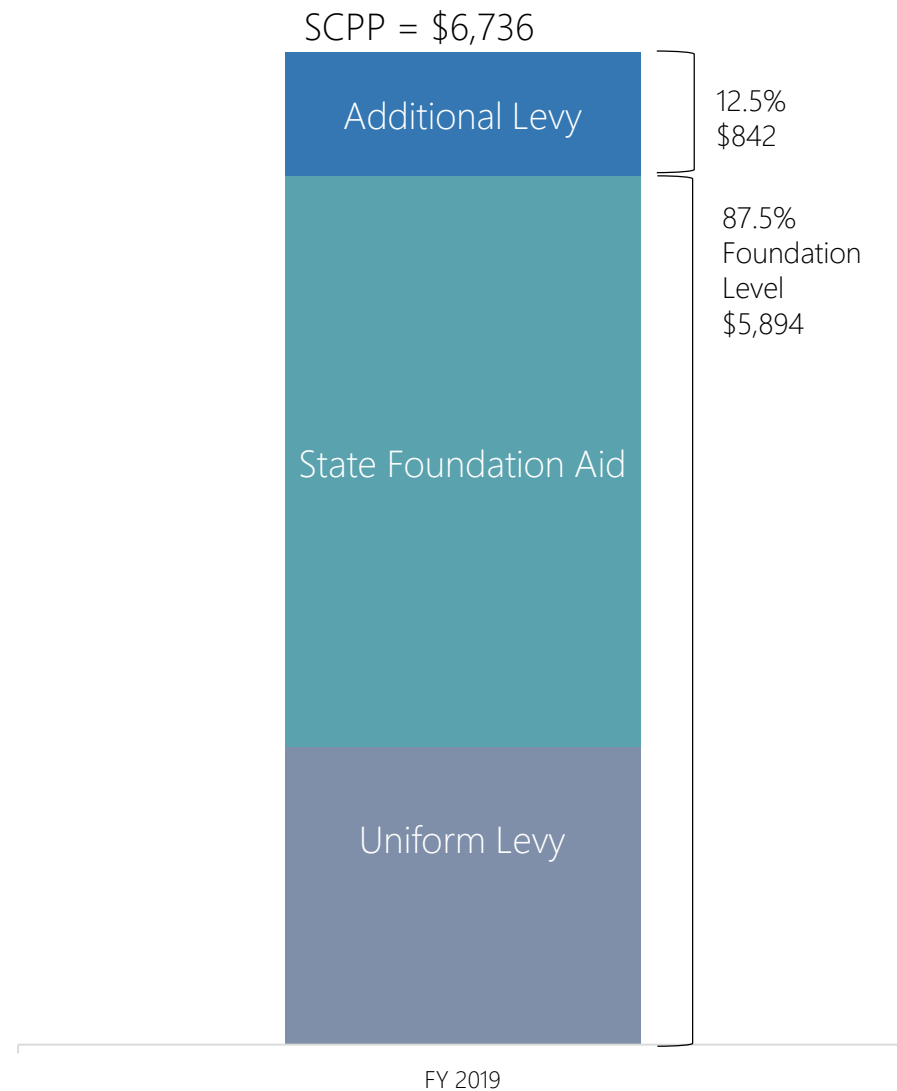
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The funding for  
weighted enrollment,  
AEAs, and categoricals  
makes up part of a  
school district's  
spending authority

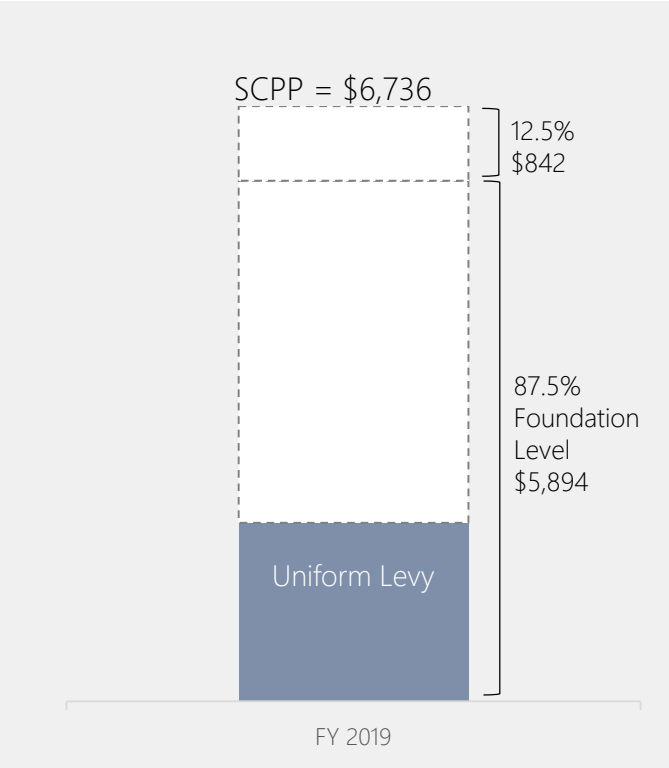
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- Spending authority controls the maximum each district can spend out of its general fund per fiscal year.
- Spending from a district's general fund is controlled by how much spending authority a district has, not its cash on hand.
- Exceeding the maximum spending authority is a violation of the law.
- This helps provide funding equity across the State.

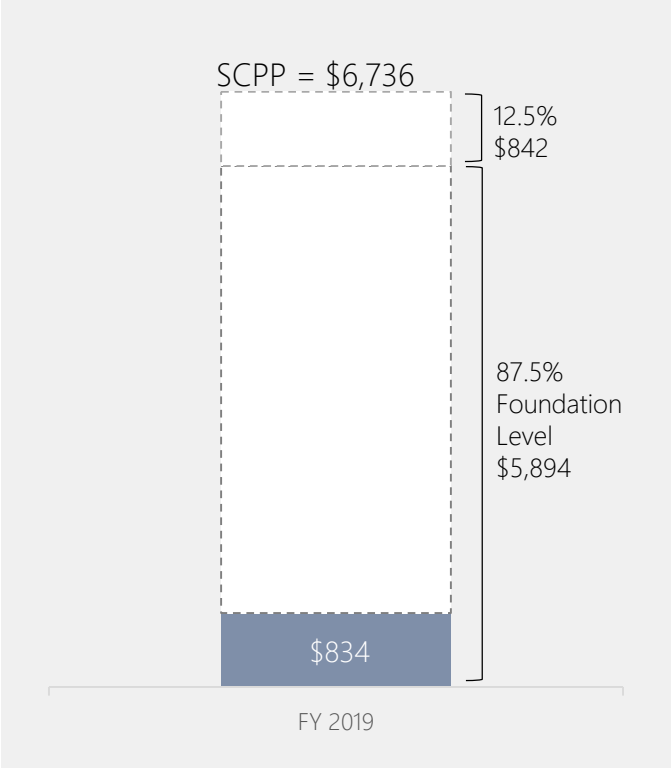
# Components of School Aid and Levy Funding for a district's regular program costs



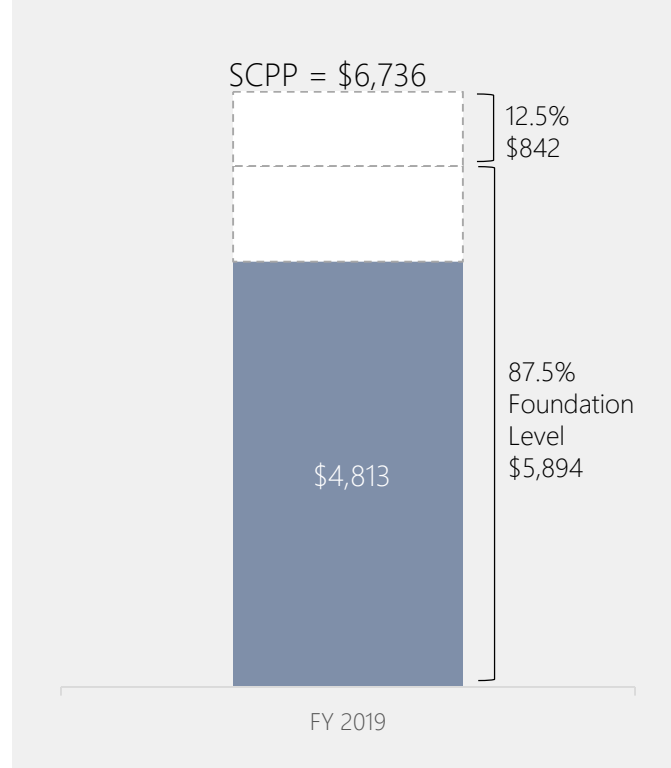
The uniform property tax levy is the first funding source for a school district.



The uniform tax rate is statewide across all taxable property.



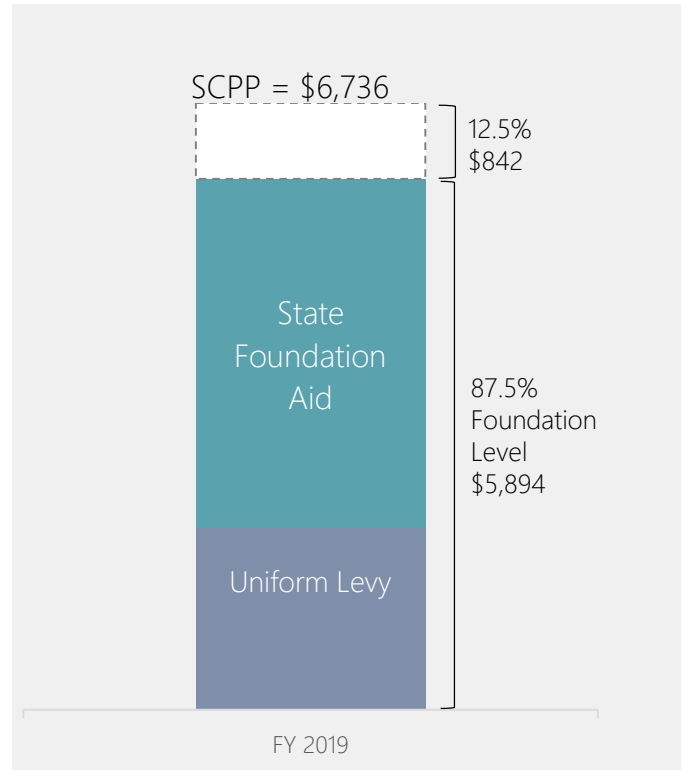
While the tax rate is uniform, the amount generated per pupil will vary by the taxable valuation per pupil in the district.



A property rich district will generate more dollars through the uniform levy than a property poor district.

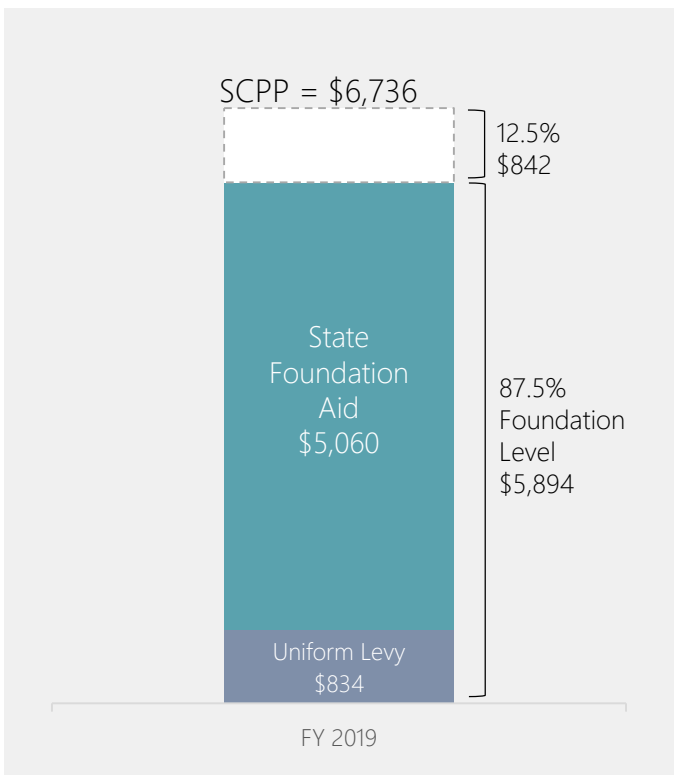
After the uniform levy, State foundation aid dollars backfill up to the foundation level (87.5%).

State Foundation Aid



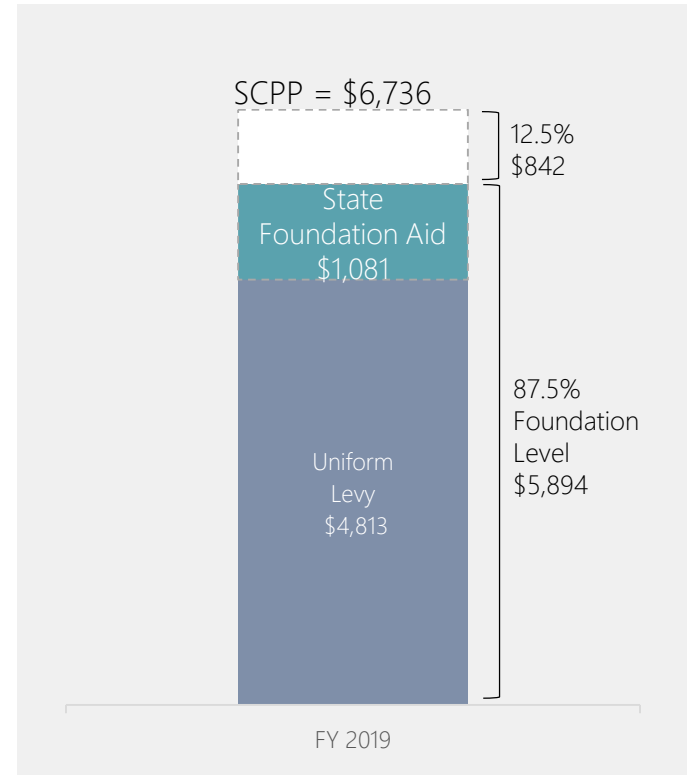
State Foundation Aid is not uniform across all districts.

Property Poor District



The amount of State Foundation Aid a district receives will depend on the amount the uniform levy collected.

Property Rich District

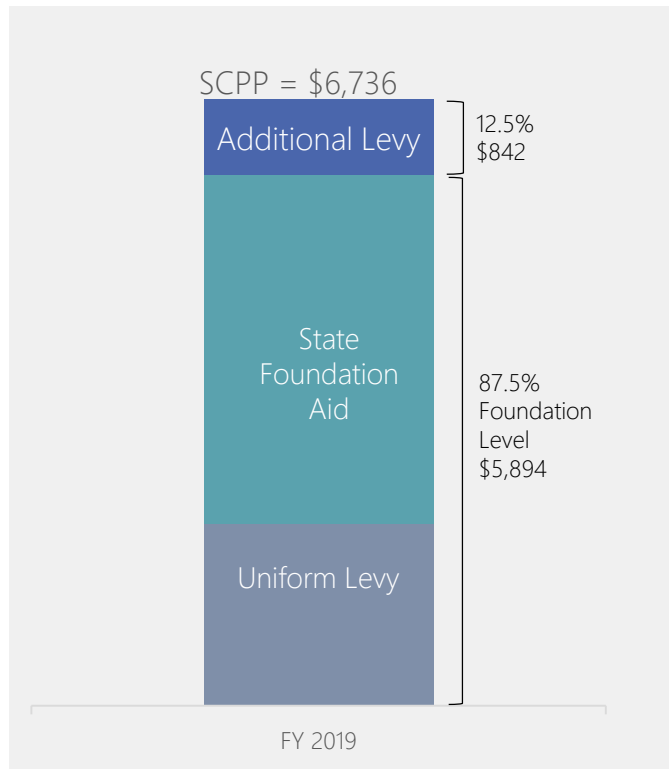


A property rich district will require less State Foundation Aid than a property poor district.



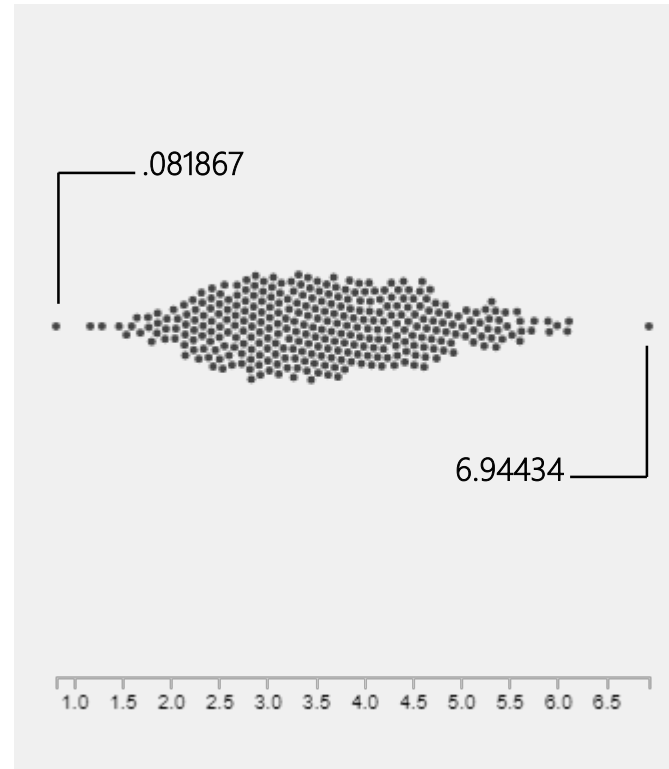
The additional levy funds the remainder of the authorized spending limit.

### Additional Levy



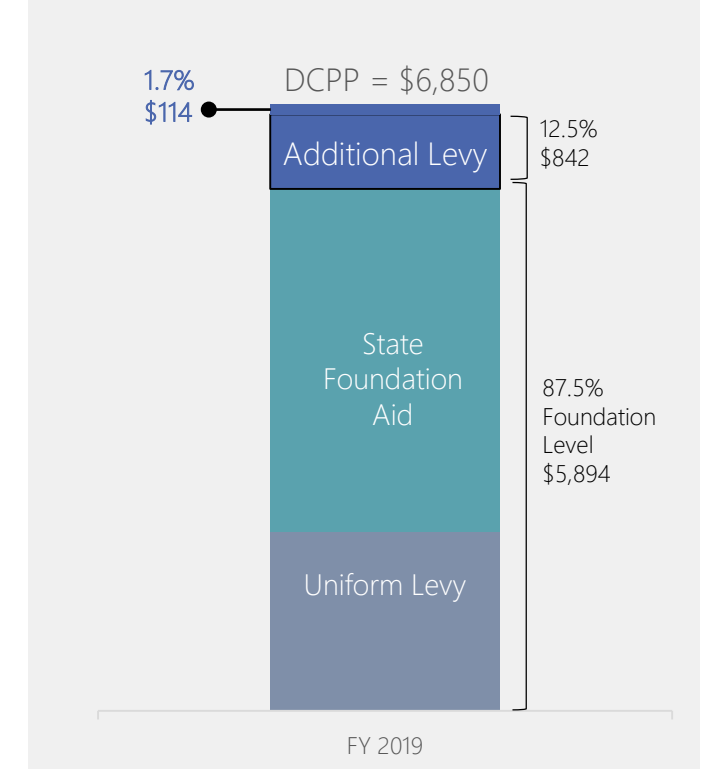
The additional levy rate is not uniform.

### FY 2019 Additional Levy Rates



The rate of the additional levy may vary from district to district, depending on the value of the taxable valuation per pupil in the district and other factors.

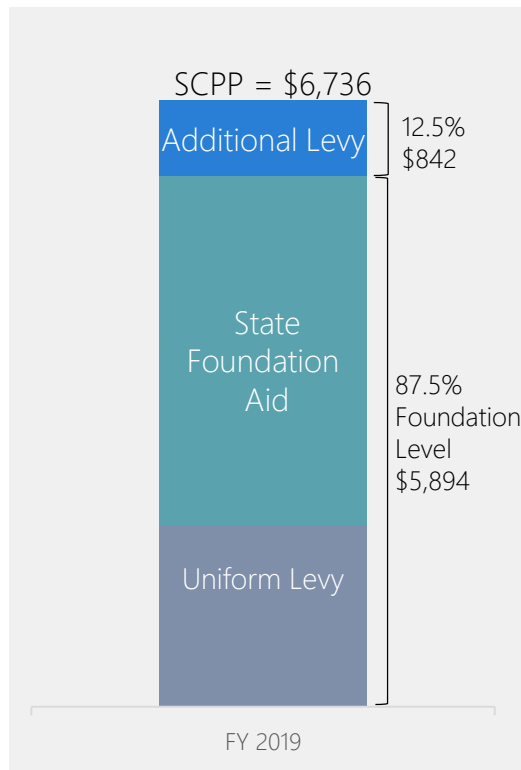
### DCPP



If the district's DCPP is higher than the SCPP, the district may levy for the additional authorized spending authority.

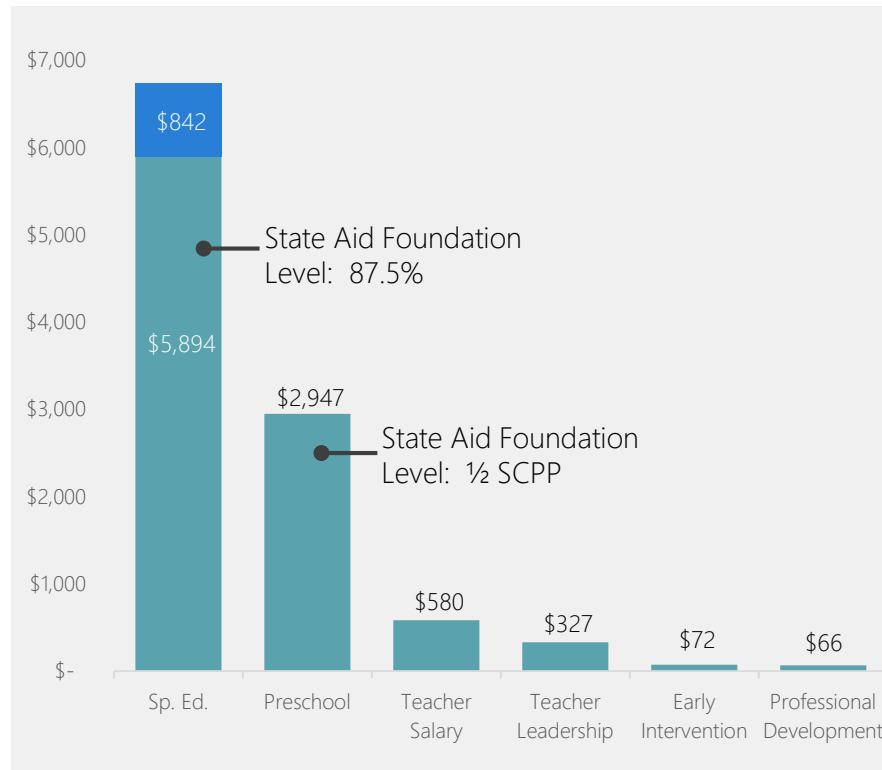
Other program costs are funded at different levels from the same three sources.

### Regular Program Funding by Source



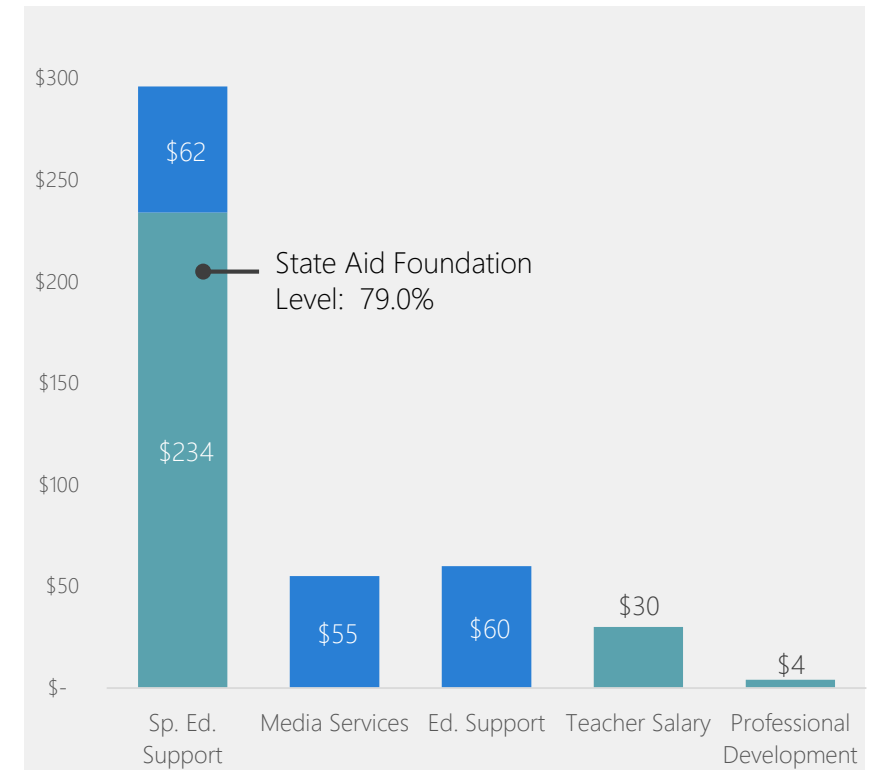
The three components apply to the regular program costs for a district.

### Special Education, Preschool, and Categorical Funding by Source



Special Education, Preschool and categoricals at the district level are funded by a mix of State Aid and the additional levy.

### AEA Funding By Source



AEA services are funded by a combination of State Aid and the additional levy.

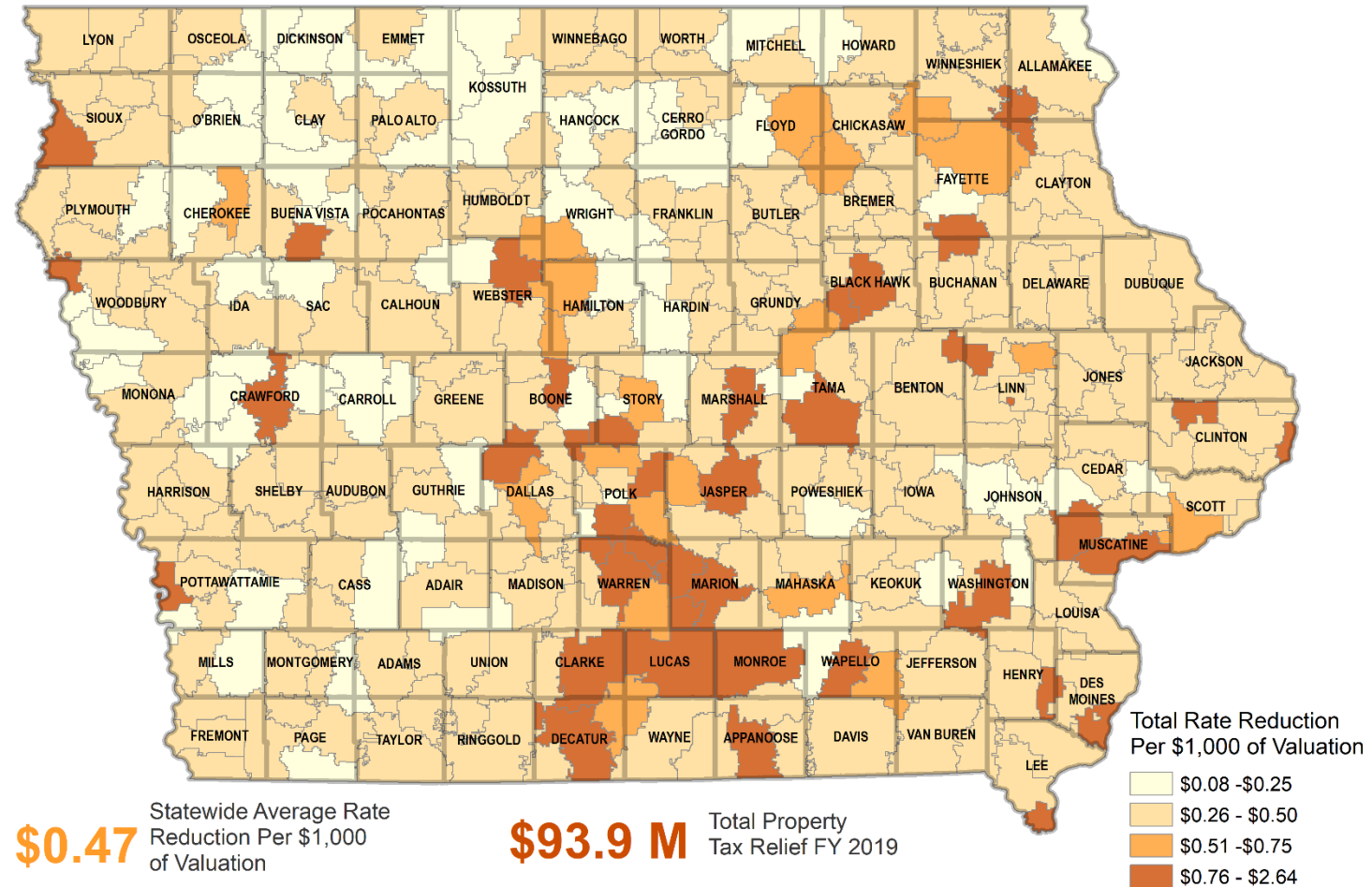
## Other Components of the Additional Levy

- 101% budget guarantee.
  - 178 districts received this aid in FY 2019
- Dropout Prevention Program.

## Discretionary Levies

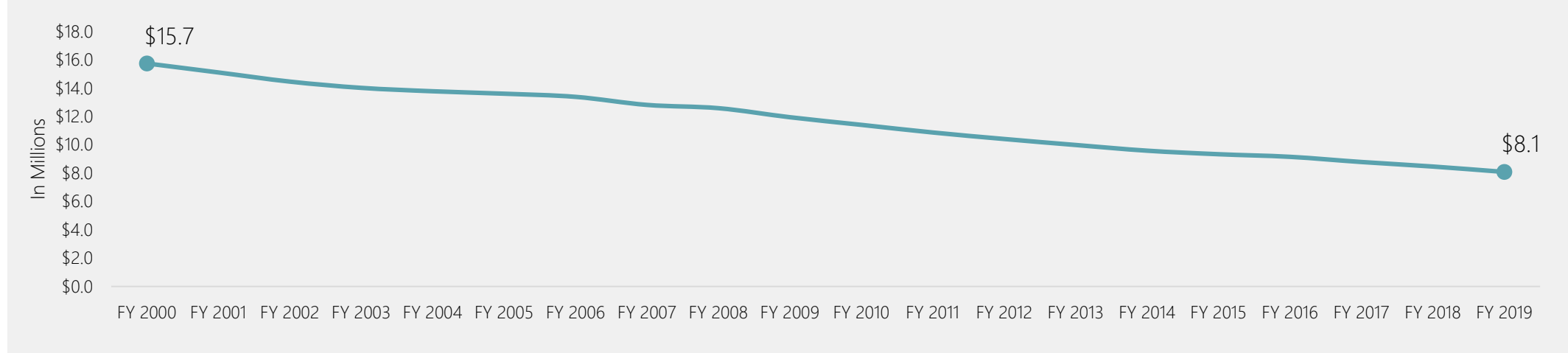
- Cash reserve levy.
  - 20% of prior two years expenditures
- Levies for other funds.
  - Management Fund
  - Voted and Board PPEL
  - Debt Service
  - PERL

# Property Tax Relief



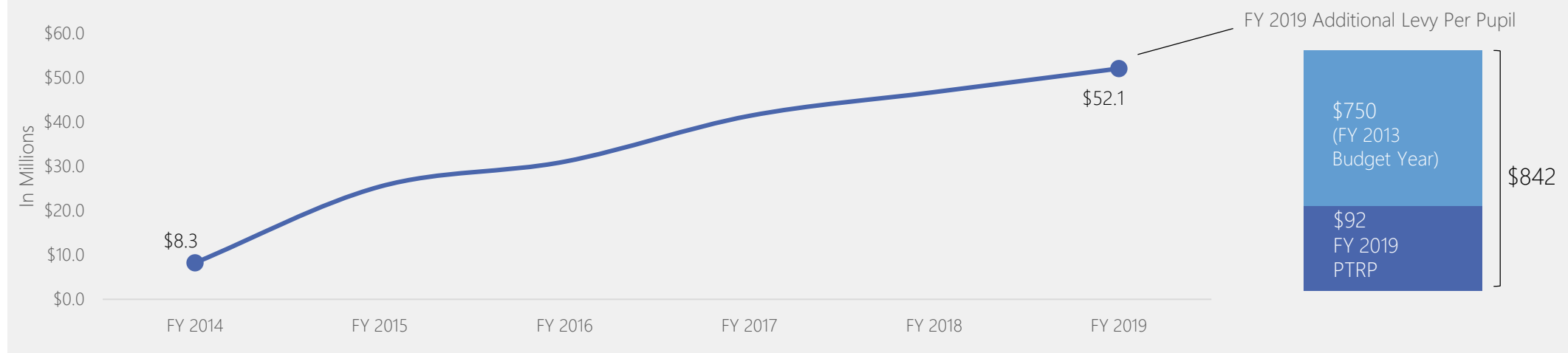
- Property Tax Adjustment Aid (1992)
- Property Tax Replacement Payment (PTRP)
- Adjusted Additional Property Tax Levy Aid (PTER)

# Property Tax Adjustment Aid (1992 Provision)



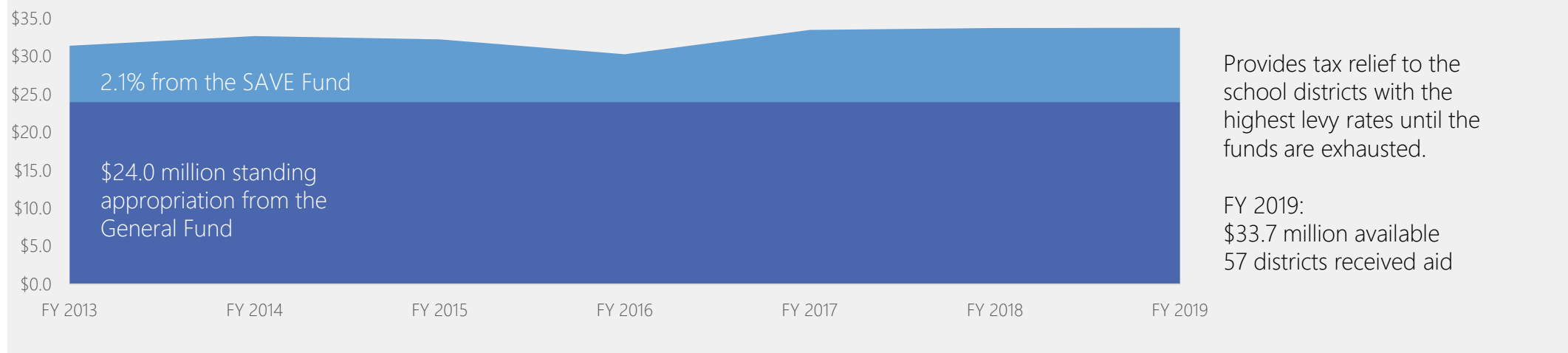
- Implemented in FY 1992.
- Aid is reduced each year as property valuations increase.
- Gradual phase out.
- 282 districts received this aid in FY 2019.

# Property Tax Replacement Payment



- Implemented in FY 2014.
- Property tax relief for increase in cost per pupil due to the SSA rate.
- Reduces additional levy portion for all districts to the FY 2013 budget level.

# Property Tax Equity and Relief (PTER)



- Funding includes a \$24.0 million General Fund appropriation built into the school aid formula and 2.1% of the total amount collected from the Secure an Advanced Vision for Education (SAVE) Fund.
- If funding is sufficient, the provision provides aid to districts up to the statewide average rate.

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# Governor's Recommendations

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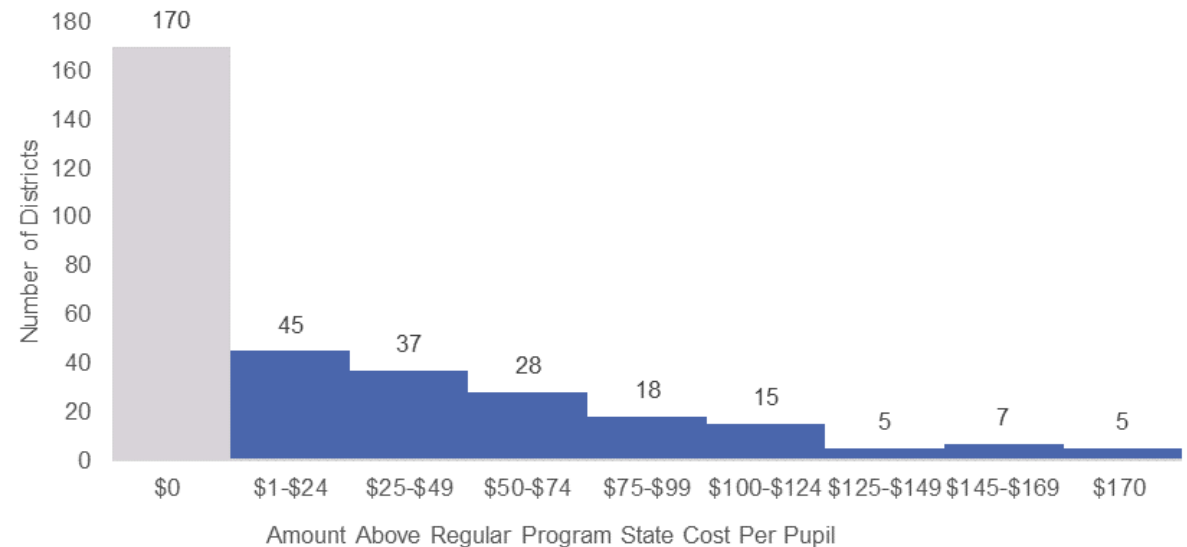
- FY 2020
  - \$3.297 billion General Fund appropriation for State aid to schools.
  - An increase of \$89.6 million.
  - 2.30% SSA.
  - SCPP \$6,891 (\$155 increase).
  - Additional \$15.0 million reduction to the AEA's.
- FY 2021
  - \$3.377 billion General Fund appropriation for State aid to schools.
  - An increase of \$79.9 million.
  - 2.30% SSA.
  - SCPP \$7,049 (\$158 increase).
  - Additional \$15.0 million reduction to the AEA's.



# District Cost Per Pupil

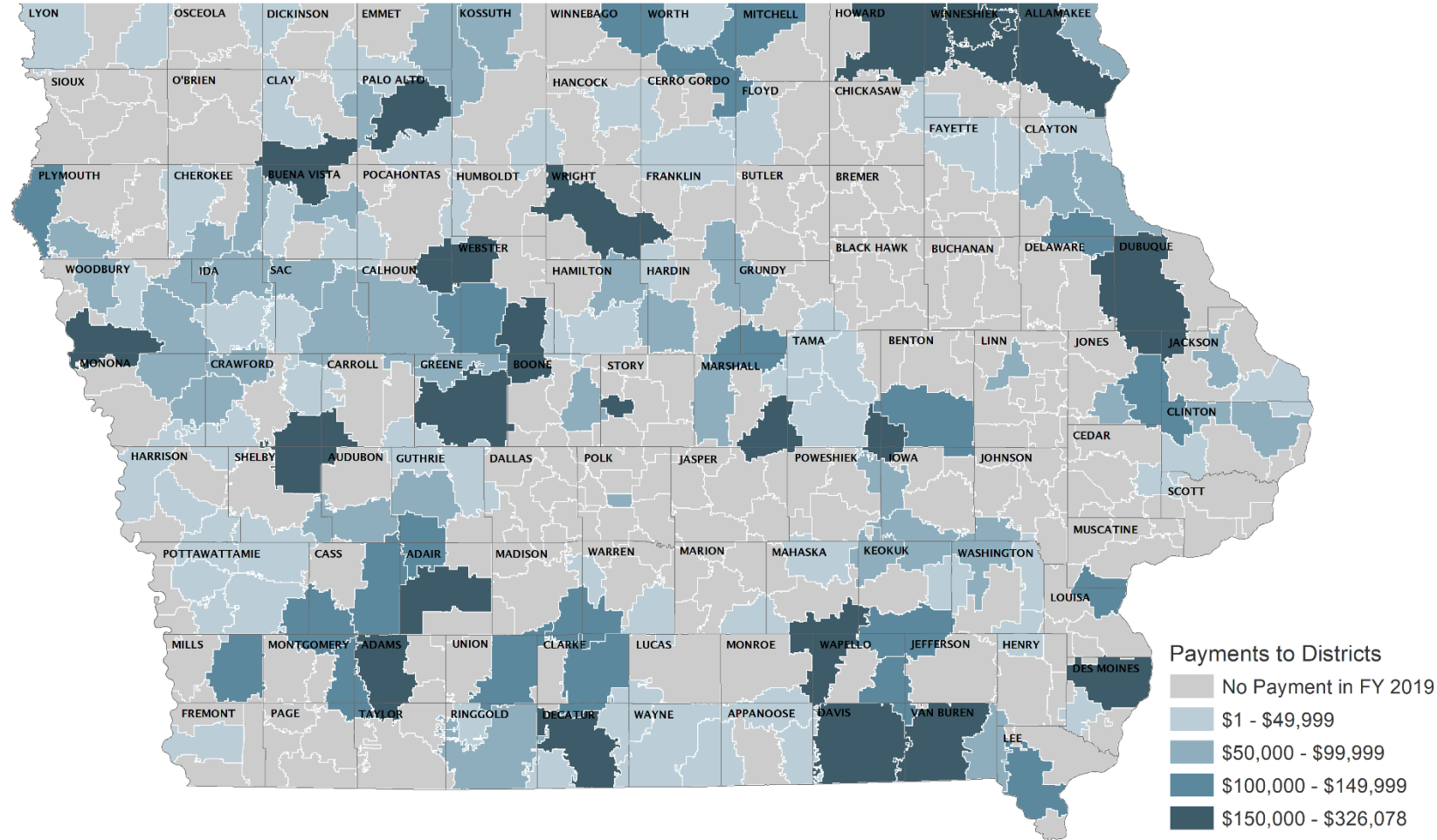
- In FY 2018, the variance in the DCPD was \$175.
- An additional \$5 was added to the SCPP for FY 2019.
  - 162 districts received the full increase.
  - 8 districts received a partial increase.
- As a result of the \$5 increase, the variance decreased to \$170.

Districts Above the Regular Program State Cost Per Pupil — FY 2019



# Transportation Equity Fund (TEF)

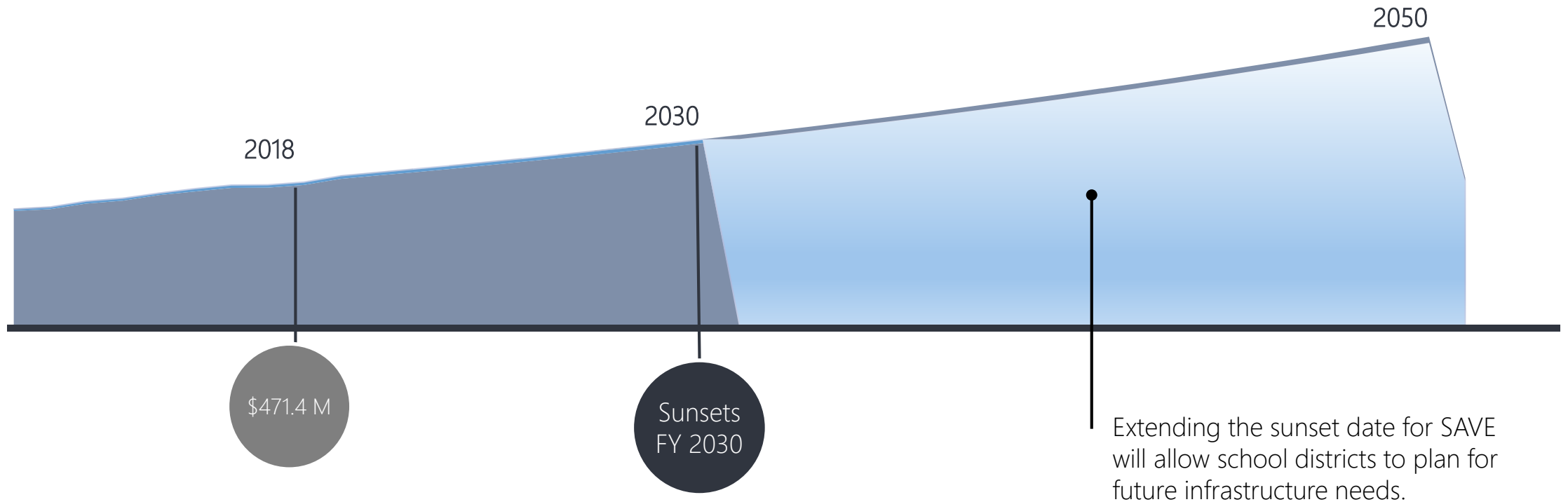
Transportation Equity Fund Payments by School District — FY 2019



- Created in the 2018 Legislative Session to provide additional funding to school districts for public school transportation costs that exceed the statewide adjusted average cost per student.
- In FY 2019, 138 districts received this aid.
- The Governor is recommending a **\$11.2 million General Fund** appropriation to the TEF for FY 2020.

# Extension of SAVE

- One cent sales tax is distributed to districts on a pupil per capita basis
- Used for infrastructure needs and provides for property tax relief.



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# LSA Fiscal's Role in School Aid

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- Model the school aid and levy formula including State aid and property tax implications.
- Provide nonpartisan fiscal estimates of proposed legislation, including impact at the school district level.
- Provide historical data at the State and school district level.

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# Summary

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- Calculating Spending Authority and Financing School Districts' General Fund Through School Aid
  - A district's funding is primarily dependent on weighted enrollment and the DCPP.
  - Uniform levy, State foundation aid, and the additional levy make up the primary components of the foundation formula.
  - Property tax relief is included in the school aid formula.
- Current Legislative Issues
  - Governor's recommendations
  - DCPP variance
  - Transportation Equity Fund
  - SAVE extension
- LSA Fiscal's Role in School Aid
  - Provide nonpartisan fiscal analysis of the School Aid model, including State and district impacts.





**Michael Guanci | Legislative Services Agency**  
515.725.1286  
[michael.guanci@legis.iowa.gov](mailto:michael.guanci@legis.iowa.gov)